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Chairman: Mr. Olhaye ..... (Djibouti)

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The meeting was called to order at 10.10 a.m.

Agenda item 97: Macroeconomic policy questions (*continued*)

(c) Trade and development (A/54/15, parts I-V, A/54/94-S/1999/518, A/54/304, A/54/392, A/54/486, A/54/529)

1. **Mr. Ricupero** (Secretary-General of United Nations Conference on Trade and Development (UNCTAD)) said that he would like to share a number of personal observations on the main subjects of concern, especially recent developments and the challenges of the months ahead in terms of the forthcoming tenth session of UNCTAD, the preparations for the third Ministerial Conference of the World Trade Organization (WTO), and recent developments in the International Monetary Fund (IMF).

2. The tenth session of UNCTAD would be taking place in a region and a country which had been a success story for development but which had become the epicentre of a financial earthquake which had spread as far as Latin America and the Russian Federation. Although that region had conquered the crisis and was making a strong recovery, the session should be an opportunity for countries in the region and in the rest of the world to consider how development crises could be faced and overcome.

3. It would provide an opportunity for high-level reflection on the experience of development in the last few decades and for mapping out the route ahead. It would feature a number of innovative events and activities, including a round-table meeting of heads of State and Government, a round table involving heads of United Nations development agencies; and a round table of leading world economists on the latest thinking in development theory. There would be discussion of the regional dimension, in preparation for which the directors of all United Nations regional economic commissions had been invited to explain how development affected their respective regions, and the heads of the major economic and financial agencies had been invited to engage in a dialogue with ministers.

4. The expectation was that the session would provide a strong input to the Millennium Assembly of the United Nations: all major speakers had been asked to bring with them a document that would be submitted to the Millennium Assembly. No attempt would be made to secure an agreed consensus; rather the session was seen as an opportunity for engaging in debate, and it was hoped that the different approaches would illuminate the issue of development. The debate would be the bedrock on which development in the future would be built. The session could set the tone of that debate and the agenda for future discussion of trade and development issues.

5. Turning to preparations for the third Ministerial Conference of WTO, he said that WTO and UNCTAD were collaborating closely and had recently organized, with the assistance of the International Trade Centre, a "Geneva week" for the benefit of those countries that were not represented in Geneva. The Ministerial Conference would set the stage for trade negotiations, as well as setting clear rules on targets, and it would do so in a binding Seattle Declaration. UNCTAD hoped to see the concerns of developing countries fully expressed in that Declaration. The Ministerial Conference should clearly establish the next round of trade negotiations as a "development round".

6. There had been far-reaching changes in the Bretton Woods institutions, which now had poverty reduction as their centrepiece; in fact, the Managing Director of IMF had described poverty as the greatest systemic threat. That was a historic change in approach which would have long-term implications. A decision would have to be taken on how efforts to reduce poverty were to be evaluated. UNCTAD derived a certain modest satisfaction from the fact that many of the positions it had been trying to defend for many years in splendid isolation were now finding echoes in the discourse of its sister organizations.

7. UNCTAD welcomed the enormous opportunities created by globalization, but felt that they should be handled with care, and especially with sound macroeconomic policies and sequencing. What mattered was the quality and sustainability of integration rather than its extent, intensity and speed.

8. **Mr. Petit** (President of the Trade and Development Board) said that the report of the Trade and Development Board on its nineteenth executive session (A/54/15 (Part I)) provided information on the functioning of the intergovernmental mechanisms of UNCTAD. The twentieth executive session of the Board (A/54/15 (Part II)) had resulted in the adoption of a draft provisional agenda for the tenth session of UNCTAD, and the twenty-first executive session (A/54/15 (Part III)) had focused on the contribution of UNCTAD to the United Nations New Agenda for the Development of Africa in the 1990s. At its twenty-second executive session (A/54/15 (Part IV)), the Board had taken note of the report of the Secretary-General of UNCTAD on financing the participation of experts from developing countries in UNCTAD meetings through

savings allocated by the General Assembly. The increased participation of experts from developing countries had enhanced dialogue in UNCTAD and he hoped that an additional allocation of resources for that purpose would be approved.

9. Introducing the report of the Trade and Development Board on its forty-sixth session (A/54/15 (Part V)), he said that the Board had considered interdependence and global economic issues from a trade and development perspective, with emphasis on trade, growth and external financing in developing countries. That was also the theme of the UNCTAD *Trade and Development Report, 1999*. The discussions had focused on the advantages and dangers of globalization, particularly as it affected multilateral trade relations and the global financial system. Representatives of the developing countries had stressed the unequal distribution of the benefits of globalization, the risk of marginalizing certain countries and the problems relating to the management and regulation of globalization. There had been broad agreement on the advantages of trade liberalization and a rule-based multilateral trade system. In that context, UNCTAD could play an important role in analysing development constraints.

10. The Board had also reviewed progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s. It had expressed regret that *The Least Developed Countries 1999 Report* was not yet available and, in anticipation of the third Ministerial Conference of the World Trade Organization, it had requested the UNCTAD secretariat to increase its assistance to the least developed countries through analytical work to facilitate the formulation of a positive agenda in trade negotiations and through technical assistance to strengthen their capacity to defend their interests in future negotiations.

11. The Board had also reviewed the status of the preparatory process for the Third United Nations Conference on the Least Developed Countries. It believed that the forthcoming conferences of WTO, UNCTAD, the reviews of the major global conferences, the Millennium Assembly and the high-level international intergovernmental consideration of financing for development should all provide input for the preparation of the Third Conference.

12. The Board had adopted agreed conclusions on African transport infrastructure, trade and competitiveness in which it pinpointed the lack of investment in human and physical infrastructure as the main obstacle to sustained growth and sustainable development, particularly in the transport sector. It had also reviewed the technical cooperation activities of UNCTAD and received a report on assistance to the Palestinian people, which, it hoped, would continue.

13. The Board had considered specific actions related to the particular needs and problems of landlocked developing countries (A/54/529). Its work had been facilitated by the report of the Secretary-General of UNCTAD and the report of the fourth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions. While recognizing that excessive transport costs were a problem, the Board had noted that the landlocked developing countries had managed to overcome non-physical barriers to trade through arrangements with neighbouring transit countries. Nonetheless, the financial support of the international community was needed in order to improve infrastructure in those countries.

14. He drew attention to the outcome of the consultations on the review and functioning of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting and the Intergovernmental Group of Experts on Competition Law and Policy (A/54/15 (Part V), section I D 4), adding that the Board was seeking the endorsement of the General Assembly for the agreement outlined in paragraph 7 (c).

15. Finally, the Board had established an open-ended Committee of the Whole to elaborate the substantive pre-Conference text. The Committee had completed a first reading of the draft texts submitted by the Group of 77 and China and would start considering the numerous amendments and variations that had been proposed; however, it would await the conclusion of the WTO Ministerial Conference before dealing with trade issues.

16. **Mr. Paribatra** (Thailand) said that the tenth session of UNCTAD, would address all aspects of development and globalization and forge a new approach to cooperation in international development. Such an approach should involve the participation not only of Governments and intergovernmental organizations but also of non-governmental organizations, the private sector and civil society. It should be aimed at achieving growth, stability and equity simultaneously, with a view to facilitating the full integration of developing countries into the global economy. He expressed the hope that all countries and organizations would participate at the highest possible level.

17. The tenth session of UNCTAD would be preceded by a round-table discussion of eminent economists on development strategies for the twenty-first century and a high-level round table among heads of United Nations agencies on development issues and globalization. Every day would start with a keynote address by a distinguished speaker. A special high-level meeting of Heads of State and Government from developing and developed countries would be held before the conclusion of the Conference. Its objective would be to discuss new development strategies for the international economic system. Numerous meetings of government officials, non-governmental organizations and members of the private sector would take place simultaneously with the tenth session. Exhibitions on the themes of poverty eradication, information technology and natural resources management would also be organized with the aim of increasing public awareness of the issues and enabling the countries of the South to exchange experiences on those matters.

18. **Mr. Wyatt** (European Community) noted that resistance to protectionist measures in an open and rule-based multilateral trade system had helped many countries to recover from the recent financial crisis. In that context, he inquired about further cooperation, not only between UNCTAD and WTO, but also with the Bretton Woods institutions, in order to ensure that trade liberalization took development needs more fully into account.

19. **Mr. Ricupero** (Secretary-General of UNCTAD) said that cooperation between UNCTAD and WTO was extremely close and took the form of, *inter alia*, joint studies and regular consultations between the heads of the two entities. At the second Ministerial Conference of WTO, UNCTAD had been specifically requested to provide input in the areas of investment and competition and had been carrying out studies to inform WTO deliberations in those areas. In addition, the meetings of WTO and UNCTAD were coordinated in order to enable representatives to attend both.

20. Three years earlier, UNCTAD had launched a programme which had become its mainstay, namely, the Positive Agenda to help developing countries take a realistic and proactive approach to multilateral negotiations. Indeed, for the first time in history, more than 50 per cent of the proposals for the WTO Seattle preparatory process had been submitted by developing countries. UNCTAD, through its data bank and a joint programme with the World Bank, would provide statistics, analyses and other intellectual input to developing countries during the negotiating process. The Positive Agenda initiative was financed by savings the General Assembly had allocated to UNCTAD. In 1998, regional workshops had been organized in the Republic of Korea, South Africa and the Dominican Republic with government support in order to discuss the Positive Agenda. The workshops had focused on practical issues, such as the elaboration of a draft Seattle declaration that took into account the concerns of developing countries, including anti-dumping, tariff peaks, agriculture and technical barriers to trade.

21. He stressed the role of UNCTAD as a knowledge-based institution. In that connection, he referred to its publication of the *World Investment Report* and a series of monographs on specific aspects of negotiations, which would ultimately be compiled in an encyclopedia. The long-term training programmes of UNCTAD covered commercial diplomacy and a newly designed course on investment negotiations; UNCTAD also provided training to developing countries on foreign debt management. In all its activities, it worked in cooperation with WTO, the World Bank, the International Trade Centre and IMF.

22. **Mr. Cabactulan** (Philippines) said that, while his delegation welcomed the fact that some developing countries that had been affected by the 1997 Asian crisis were well on their way to recovery, perhaps as a result of opening up their markets and eschewing protectionism, many developing countries that depended on agriculture for their economic growth were facing unfair competition from the heavily subsidized agricultural commodities of industrial countries. In that regard, he wondered what UNCTAD could do to ensure that practical and early action was taken at the third Ministerial Conference of WTO and at the tenth session of UNCTAD to address the vital concerns of developing countries.

23. **Mr. Olaniyan** (Observer for the Organization of African Unity (OAU)) welcomed the decision of IMF to place poverty eradication at the heart of its policies. He wondered about the long-term implications on the Fund's policies of its involvement in poverty eradication issues, and about how developing countries could get actively involved in discussions on the central issue of development in Seattle.

24. **Mr. Talbot** (Guyana), speaking on behalf of the Group of 77 and China, asked for the UNCTAD Secretary-General's perspective on the role of UNCTAD in the process of financing for development and on its contributions to the global debate on development.

25. **Ms. Fahmy** (Egypt), noting that Egypt expected much from the tenth session of UNCTAD, sought the opinion of the UNCTAD Secretary-General on the final

review of the United Nations New Agenda for the Development of Africa in the 1990s. She wondered whether there were any negotiations under way at the level of the Trade and Development Board for the coming year. At its next session, UNCTAD should consider development issues in the broadest sense, ranging from trade and textiles agreements that had already been entered into, to the preferential treatment of developing country exports. It should highlight the nexus between development and trade and their direct links with efforts to eradicate poverty and ensure the advancement of women. She wondered whether there was a difference between the mandate of UNCTAD and that of WTO, and about the role of UNCTAD in the definition of long-term policies during the next century.

26. **Mr. Mozhukov** (Belarus) said that, while membership in WTO was not universal, WTO decisions affected all States. He therefore wondered whether a machinery for consultations had been envisaged to enable States that were not members of WTO to comment on the results of the WTO Ministerial Meeting before the tenth session of UNCTAD.

27. **Ms. Vargas** (Costa Rica), referring to the importance of investing in human resources development in order to ensure sustainable development, said that, when dealing with people living in extreme poverty, it was clear that their low self-esteem made them loath to accept challenges. All analyses relating to efforts to eradicate poverty should take into account the human element. That might be the first step in achieving the development so eagerly sought by everyone.

28. **Mr. Ricupero** (Secretary-General of UNCTAD) said that there were several ideas as to what could be achieved in Seattle in terms of immediate results. One such idea was free market access for the 48 least developed countries, which would eliminate tariffs and barriers for their exports. Others included making trade-related technical assistance a binding commitment and accelerating liberalization in the area of textiles. Concerning poverty eradication as a central element of the lending policies of the Bretton Woods institutions, he said that it would be interesting to discuss ways of evaluating poverty eradication efforts by individual countries. However, the criteria to be followed in that regard must be carefully weighed.

29. Developing countries should take a proactive position in Seattle and form coalitions, since power counted. Power in Seattle would be market power. Alliances would create larger markets. UNCTAD had much to contribute to the debate on financing for development for it was the focal point of the United Nations for the integrated treatment of money, finance, trade and investment issues. One of its particular concerns in that respect was that, so far, discussions about the new financial architecture had addressed the concerns of 29 emerging markets that already had some access to the global market, but not those of the 140 countries that were not a part of those emerging markets. A primary goal of UNCTAD in that regard was to put the interests of the latter group of countries on the map.

30. UNCTAD had made extensive contributions to the United Nations New Agenda for the Development of Africa in the 1990s. It had recently published a 20-page report listing its activities in that regard. In the area of trade, for example, it had been working with the Economic Commission for Africa and OAU, and had organized joint workshops to prepare countries for negotiations both at the regional and national levels. It had also drawn attention to investment opportunities in Africa. Indeed, despite Africa's unfavourable reputation in that area, many investments in Africa had shown higher returns than in other regions. One area where immediate results were possible concerned net food importing countries. That matter could be discussed in Seattle with a view to making the promise made to those countries binding and enforceable.

31. UNCTAD had recently organized a very important meeting on trade as a tool for the promotion of women. The report thereon showed practical ways of involving women entrepreneurs in trade promotion, particularly in poor countries. On the matter of universalization of the system, he suggested that one possible immediate result of the third Ministerial conference would be the creation of a fast track for the admission of least developed countries to WTO. Twenty of the 48 least developed countries were not yet members. Other countries which had already started the process of accession should be allowed to participate in negotiations and to accede to WTO through their participation in the multilateral negotiations.

32. He agreed with the representative of Costa Rica that in combating poverty, it was crucial to consider self-esteem. One tool in that area was microcredit, which enabled people to establish their own small businesses. In that regard, UNCTAD had tried, with the assistance of Luxembourg, to create a private investment market, with major international banks participating. Most microcredit banks depended on funding, UNCTAD had tried to create the necessary conditions for commercially attractive investments in microcredit. The only remaining problem was that of the administrative costs involved in such a venture.

33. **Mr. Petit** (President of the Trade and Development Board) said that a mechanism had been devised to enable non-member States of WTO to comment on the results of the Seattle meeting. The preparations for Bangkok would depend largely on what did or did not take place in Seattle.

34. Regarding the comment made by the representative of the Philippines, he noted that the ongoing negotiations on the drafting of the Seattle ministerial declaration should not be oversimplified. Farm subsidies in industrialized countries were often designed to limit output of those countries to make room for that of developing countries, while guaranteeing adequate income to farmers. The negotiations were broader and more complex than that aspect alone.

35. Microcredit was a wonderful tool for development that helped to improve people's living conditions. UNCTAD should be encouraged to continue and fine tune its work in that area. He hoped the issue would be addressed at the Bangkok conference.

The meeting rose at 12.30 p.m.